

New Business Premium Stumbles in Feb as Group Premiums Fall Sharply, Individual Single Premiums Decline a Tad

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Overview

The first-year premium of life insurers reported a surprising drop (16.8%) in February 2023 to Rs 22,848 crore breaking the pattern of the last two years when February premiums had been more than January premiums. The y-o-y decline for the month can be attributed to group premiums (primarily LIC) as well individual single premiums. Private insurance companies continued their growth momentum.

Meanwhile, given the momentum prevalent in the previous period of the year, year-to-date FY23 first-year premium numbers grew by 25.1% vs. the 8.4% growth reported in the same period last year. The year-to-date FY23 growth can continue to be attributed primarily to group single premiums and more specifically to LIC and a low base, which saw subdued levels due to the pandemic-induced (Covid-19 second wave) lockdowns. Meanwhile, private insurance companies continue to extend their lead in the individual non-singe premium segment.

Figure 1: Movement in Monthly First-year Premium (Rs crore)

Month	Premium in FY21	Premium in FY22	Premium in FY23	FY21 vs. FY20 (%)	FY22 vs FY21 (%)	FY23 vs FY22 (%)
April	6,728	9,739	17,940	-32.6	44.8	84.2
May	13,739	12,977	24,480	-25.4	-5.5	88.6
June	28,869	30,009	31,255	-10.5	4.0	4.1
July	22,986	20,435	39,079	6.9	-11.1	91.2
August	27,040	27,821	32,856	14.8	2.9	18.1
September	25,366	31,001	36,367	26.5	22.2	17.3
October	22,776	21,606	24,917	31.9	-5.1	15.3
November	19,159	27,177	35,459	-26.9	41.8	30.5
December	24,383	24,466	26,838	-2.8	0.3	9.7
January	21,390	21,957	26,424	3.7	2.7	20.3
February	22,425	27,465	22,848	21.0	22.5	-16.8
March	43,417	59,609		70.9	37.3	

Source: Life Insurance Council, IRDAI

Figure 2: First-year Premium Growth of Life Insurance Companies (Rs crore)

Insurer	For Feb 2021	For Feb 2022	For Feb 2023	Feb 2022 Growth	Feb 2023 Growth	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth	YTD FY23 Growth
Private	9,504.6	9,975.4	10,968.2	5.0	10.0	78,792.7	98,212.9	1,15,279.0	24.6	17.4
Individual Single	1,435.6	1,580.4	1,533.8	10.1	-2.9	11,593.6	14,708.9	17,193.7	26.9	16.9
Individual Non-Single	4,437.0	4,593.9	5,465.2	3.5	19.0	36,097.5	44,705.2	52,798.6	23.8	18.1
Group Single	2,896.1	3,093.2	3,416.4	6.8	10.4	25,858.5	32,529.3	37,401.5	25.8	15.0
Group Non-Single	18.8	66.5	19.2	253.9	-71.1	255.1	356.4	135.0	39.7	-62.1
Group Yearly Renew.	717.1	641.4	533.6	-10.6	-16.8	4,988.0	5,913.0	7,750.1	18.5	31.1
LIC	12,920.6	17,489.3	11,879.5	35.4	-32.1	1,56,068.6	1,56,440.6	2,03,182.9	0.2	29.9
Individual Single	1,563.6	2,189.3	1,905.6	40.0	-13.0	26,326.7	20,787.2	21,345.7	-21.0	2.7
Individual Non-Single	2,387.2	2,527.3	2,473.1	5.9	-2.1	22,537.9	24,514.6	26,937.5	8.8	9.9
Group Single	8,598.0	12,062.2	7,092.2	40.3	-41.2	1,01,275.4	1,07,297.5	1,49,485.8	5.9	39.3
Group Non-Single	227.2	556.5	342.1	145.0	-38.5	5,299.2	2,672.1	4,720.5	-49.6	76.7
Group Yearly Renew.	144.6	154.1	66.6	6.6	-56.8	629.5	1,169.2	693.5	85.7	-40.7
Grand Total	22,425.2	27,464.8	22,847.6	22.5	-16.8	2,34,861.3	2,54,653.6	3,18,461.9	8.4	25.1
Individual Single	2,999.2	3,769.7	3,439.4	25.7	-8.8	37,920.3	35,496.1	38,539.3	-6.4	8.6
Individual Non-Single	6,824.2	7,121.2	7,938.3	4.4	11.5	58,635.3	69,219.9	79,736.1	18.1	15.2
Group Single	11,494.1	15,155.4	10,508.5	31.9	-30.7	1,27,134.0	1,39,826.8	1,86,887.4	10.0	33.7
Group Non-Single	246.0	622.9	361.3	153.3	-42.0	5,554.3	3,028.6	4,855.5	-45.5	60.3
Group Yearly Renew.	861.7	795.6	600.1	-7.7	-24.6	5,617.4	7,082.2	8,443.6	26.1	19.2

Source: IRDAI, Life Insurance Council

- LIC's first-year premium fell by 32.1% for February 2023; vs an increase of 35.4% witnessed in February 2022. The drop can be attributed to a decrease in group premiums as well as individual single premiums. Further, LIC had withdrawn a Saral Pension plan (single premium) by end of February 2023 and has relaunched the same as of March 01, 2023. It is likely that some portion may have been moved to March to benefit from the relaunched plan, however, only March numbers are likely to confirm the same. Meanwhile, private insurers reported a growth rate of 10% in February 2023 which is double the rate reported in February 2022 (5%). The monthly increase can be attributed to Individual Non-Single and Group Single premiums, which offset the fall in Group Non-Single and Individual Single premiums. Further, it can also be attributed to private companies pushing large value policies before the end of the fiscal year. For the 11 months of FY23, LIC reported a growth rate of 29.9% against a near flat rate of 0.2% reported for the same period last year. Meanwhile, the growth rate of its private peers decelerated to 17.4% from 24.6% last year. The YTD growth can be attributed to group single premiums especially by LIC and individual non-single premiums, more specifically by private companies.

Figure 3: Movement in Premium Type (Rs crore) of Life Insurance Companies

Premium Type	For Feb 2021	For Feb 2022	For Feb 2023	Feb 2022 Growth	Feb 2023 Growth	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth	YTD FY23 Growth
Single	14,493.3	18,925.1	13,947.9	30.6%	-26.3%	1,65,054.2	1,75,322.9	2,25,426.7	6.2%	28.6%
Non-Single	7,931.9	8,539.7	8,899.7	7.7%	4.2%	69,807.1	79,330.6	93,035.2	13.6%	17.3%

Source: IRDAI, Life Insurance Council

- For February 2023, the growth rate of non-single premiums slowed by over 300 bps to 4.2% vs. 7.7% reported in February 2022, while single premiums fell by 26.3% in February 2023 vs. an increase of 30.6% in February 2022. In spite of this fall for the month, single premiums continue to account for a substantial portion of the overall first-year premiums. The share of single premiums has moved from 60% for FY20 to 69% in FY22 and is at 71% for year-to-date FY23 (vs. 69% for the same period last year).

Figure 4: Movement in Premium Type (Rs crore) of Life Insurance Companies

Premium Type	For Feb 2021	For Feb 2022	For Feb 2023	Feb 2022 Growth	Feb 2023 Growth	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth	YTD FY23 Growth
Individual	9,823.4	10,890.9	11,377.7	10.9%	4.5%	96,555.6	1,04,716.0	1,18,275.4	8.5%	12.9%
Group	12,601.8	16,573.9	11,470.0	31.5%	-30.8%	1,38,305.7	1,49,937.6	2,00,186.5	8.4%	33.5%

Source: IRDAI, Life Insurance Council

- For February 2023, the group premiums dropped by 30.8%, roughly at the same rate by which they had risen in February 2022. Meanwhile, individual premiums increased by 4.5% less than half the last year's rate at 10.9%. Further, for the year-to-date numbers, growth in group premiums has continued at around 2.6x the growth in individual premiums. Individual premiums continue to remain smaller in size compared to group premiums.

CareEdge View

Insurance demand is positively correlated with economic growth and grows at a multiple to the GDP. The top line of life insurers is anticipated to remain healthy for FY23 as it would be the first full year without any Covid-related restrictions. Protection plans continue to gain momentum. Further the demand for Annuity and non-par products has continued in the near term. In the medium term, we would need to be on the lookout once the new taxation rules kick in beginning April 1, 2023. Meanwhile, the sector is expected to continue its trajectory after companies tweak their policies to drive growth. However, given the protection gap and insurance requirements, the long-term growth of the life insurance segment remains intact. The growth would also be driven by a supportive regulatory landscape (ease of doing business, Bima Sugaan), a push to increase insurance coverage, especially in the rural populace, product innovations/customisation and allowing corporate agents to take on additional companies.

Annexure

Figure 5: Company-wise Share in First-year Premium - Rs crore

Insurer	YTD FY21	YTD FY22	YTD FY23	Mkt Sh. YTD FY21 (%)	Mkt Sh. YTD FY22 (%)	Mkt Sh. YTD FY23 (%)
Aditya Birla Sun Life	3,851	4,655	6,441	1.6	1.8	2.0
Aegas Federal Life	531	682	781	0.2	0.3	0.2
Aegon Life	59	16	7	0.02	0.01	0.002
Aviva Life	179	229	254	0.1	0.1	0.1
Bajaj Allianz Life	5,021	7,464	9,061	2.1	2.9	2.8
Bharti Axa Life	652	774	834	0.3	0.3	0.3
Canara HSBC Life	1,931	2,447	3,221	0.8	1.0	1.0
Edelweiss Tokio Life	348	376	386	0.1	0.1	0.1
Exide Life	608	842	436	0.3	0.3	0.1
Future Generali Life	384	354	556	0.2	0.1	0.2
HDFC Life	17,251	21,137	23,071	7.3	8.3	7.2
ICICI Prudential Life	10,875	12,845	14,057	4.6	5.0	4.4
India First Life	1,699	2,308	2,389	0.7	0.9	0.8
Kotak Mahindra Life	3,982	4,770	6,182	1.7	1.9	1.9
Max Life	5,614	6,511	6,972	2.4	2.6	2.2
PNB Met Life	1,598	2,013	2,692	0.7	0.8	0.8
Pramerica Life	202	257	581	0.1	0.1	0.2
Reliance Nippon Life	912	1,120	941	0.4	0.4	0.3
Sahara Life	-	-	-	0.0	0.0	0.0
SBI Life	18,064	22,613	26,084	7.7	8.9	8.2
Shriram Life	702	773	942	0.3	0.3	0.3
Star Union Dai-ichi Life	979	1,708	2,816	0.4	0.7	0.9
Tata AIA Life	3,353	4,316	6,575	1.4	1.7	2.1
Private Total	78,793	98,213	1,15,279	33.5	38.6	36.2
LIC of India	1,56,069	1,56,441	2,03,183	66.5	61.4	63.8
Grand Total	2,34,861	2,54,654	3,18,462	100.0	100.0	100.0

Source: IRDAI, Life Insurance Council

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